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[Proposed] Attorneys for the Official Committee of Equity
 Security Holders of USA Capital Diversified Trust Deed Fund,
 LLC

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

Chapter 11

Jointly Administered Under
 Case No. BK-S-06-10725-LBR

OST REQUESTED

Date: June 21, 2006
 Time: 9:30 a.m.
 Place: Courtroom #1

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☒ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA First Trust Deed Fund, LLC

**APPLICATION PURSUANT TO
FED. R. BANKR. P. 2014(a) FOR ORDER UNDER
SECTION 1103 OF THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT
AND RETENTION OF FTI CONSULTING, INC. AS
FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF EQUITY SECURITY
HOLDERS OF USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC
NUNC PRO TUNC AS OF JUNE 9, 2006**

TO THE HONORABLE LINDA B. RIEGLE, UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Equity Security Holders of USA Capital Diversified Trust Deed Fund, LLC (the "Committee") appointed in the above-captioned bankruptcy case (the "Case"), respectfully requests that the Court approve, *nunc pro tunc* as of June 9, 2006, the employment and retention of the consulting firm of FTI Consulting, Inc., together with its wholly owned subsidiaries, agents, independent contractors and employees ("FTI"), as financial advisors to the Committee. In support of this Application, the Committee respectfully states as follows:

I.

BACKGROUND

1. On April 13, 2006 (the "Petition Date"), USA Capital Diversified Trust Deed Fund, LLC ("USA Diversified"), USA Commercial Mortgage Company ("USA Mortgage"), USA Securities, LLC ("USA Securities"), USA Capital Realty Advisors, LLC ("USA Realty") and USA Capital First Trust Deed Fund, LLC ("USA First" and, collectively with USA Mortgage, USA Securities, USA Realty and USA Diversified, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code ("Bankruptcy Code").

2. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

1 3. On May 10, 2006, the Office of the United States Trustee (the "US Trustee")
2 appointed the following four committees in the Debtors' Cases:

- 3 (a) The Official Committee of Holders of Executory Contract Rights Through
4 USA Mortgage (the "Direct Lenders' Committee");
5 (b) The Official Unsecured Creditors Committee for USA Mortgage;
6 (c) The Official Committee of Equity Security Holders of USA First (the
7 "USA First Committee"); and

8 4. The Direct Lenders' Committee initially sought to retain the law firm of Stutman,
9 Treister and Glatt ("ST&G") collectively with one or both of the fund committees. However, on
10 May 23, 2006, the Direct Lenders' Committee determined that joint representation was not in its
11 best interest and retained Gordon & Silver, Ltd. late in the evening on May 23, 2006. This Court
12 has since approved such employment.

13 5. Thereafter, the USA First Committee retained ST&G, leaving the USA Diversified
14 Committee without counsel. This Court has since approved the employment of ST&G as counsel
15 for the USA First Committee.

16 6. The Official Committee of Equity Security Holders of USA Diversified (the
17 "Committee," together with the Direct Lenders' Committee, the Official Unsecured Creditors
18 Committee for USA Mortgage, and the USA First Committee, the "Investor Committees").

19 7. On June 1, 2006, the Committee met telephonically and decided to engage Orrick,
20 Herrington & Sutcliffe LLP ("Orrick") as its bankruptcy counsel. The Committee's application
21 to employ Orrick as bankruptcy counsel is currently pending before the Court.

22 8. On June 9, 2006, the Committee engaged Beckley Singleton, Chtd. ("Beckley") as
23 its Special (Nevada) Counsel. The Committee's application to employ Beckley as its Special
24 (Nevada) Counsel is currently pending before the Court.

25 9. Also on June 9, 2006, the Committee met telephonically and decided to engage
26 FTI as its financial advisors.

II.

JURISDICTION.

10. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief sought herein is 11 U.S.C. § 1103(a).

III.

RELIEF REQUESTED.

11. By this Application, the Committee seeks to employ and retain FTI pursuant to section 1103(a) of the Bankruptcy Code to perform financial advisory services for the Committee in these chapter 11 cases, *nunc pro tunc* as of June 9, 2006.

12. The Committee is familiar with the professional standing and reputation of FTI. The Committee understands and recognizes that FTI has a wealth of experience in providing financial advisory services in restructurings and reorganizations and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States.

13. The services of FTI are deemed necessary to enable the Committee to assess and monitor the efforts of the Debtors and their professional advisors to maximize the value of their respective estates and to generate the greatest possible return to holders of equity securities of USA Diversified. Further, FTI is well qualified and able to represent the Committee in a cost-effective, efficient and timely manner.

IV.

SCOPE OF SERVICES.

14. FTI will provide such consulting and advisory services to the Committee and its legal advisors as they deem appropriate and feasible in order to advise the Committee in the course of these chapter 11 cases, including but not limited to the following:

- Assistance to the Committee in analyzing loans owed to USA Diversified;

- 1 • Assistance to the Committee in the review of financial related disclosures
2 required by the Court, including the Schedules of Assets and Liabilities,
3 the Statement of Financial Affairs and Monthly Operating Reports;
- 4 • Assistance to the Committee with information and analyses required
5 pursuant to the Debtors' debtor in possession ("DIP") financing including,
6 but not limited to, preparation for hearings regarding the use of cash
7 collateral and DIP financing;
- 8 • Assistance with a review of the Debtors' short-term cash management
9 procedures;
- 10 • Assistance with a review of the Debtors' proposed key employee retention
11 and other critical employee benefit programs, if any;
- 12 • Assistance in the review of financial information distributed by the
13 Debtors to investors, creditors and others, including, but not limited to,
14 cash flow projections and budgets, cash receipts and disbursement
15 analysis, analysis of various asset and liability accounts, and analysis of
16 proposed transactions for which Court approval is sought;
- 17 • Attendance at meetings and assistance in discussions with the Debtors,
18 potential investors, banks, other secured lenders, the Committee and any
19 other official committees organized in the Debtors' chapter 11 cases, the
20 U.S. Trustee, other parties in interest and professionals hired by the same,
21 as requested;
- 22 • Assistance in the review and/or preparation of information and analysis
23 necessary for the confirmation of a plan in the chapter 11 cases;
- 24 • Assistance in identifying and understanding related party transactions and
25 any impact to USA Diversified;
- 26 • Assistance in the evaluation and analysis of avoidance actions, including
27 fraudulent conveyances and preferential transfers;
- 28 • Litigation advisory services with respect to accounting and forensic
matters, along with expert witness testimony on case related issues as
required by the Committee; and
- Render such other general business, consulting, or such other services and
assistance, as the Committee or its counsel may deem necessary, that are
consistent with the role of a financial advisor and not duplicative of
services provided by other professionals in this case and in the cases of the
other Debtors.

V.

ELIGIBILITY FOR EMPLOYMENT.

15. FTI has informed the Committee that, except as may be set forth in the Affidavit of Michael A. Tucker (The "Tucker Affidavit"), attached hereto as **Exhibit A** and incorporated for all purposes herein by this reference, FTI does not represent or have any connection with any other entity having an adverse interest in connection with these cases, and therefore believes it is eligible to represent the Committee under Section 1103(b) of the Bankruptcy Code.

16. FTI will conduct an ongoing review of its files to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new material facts or relationships are discovered, FTI will supplement its disclosure to the Court.

17. FTI has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with these cases.

VI.

TERMS OF RETENTION.

18. FTI is not owed any amounts with respect to pre-petition fees and expenses.

19. The Committee understands that FTI intends to apply to the Court for allowances of compensation and reimbursement of expenses for its financial advisory support services in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, corresponding local rules, orders of this Court and guidelines established by the United States Trustee. The customary hourly rates, subject to periodic adjustments, charged by FTI professionals anticipated to be assigned to this case are as follows:

Senior Managing Directors	\$450-655
Directors / Managing Directors	\$350-590
Associates / Consultants	\$215-405
Administration / Paraprofessionals	\$ 95-175

20. FTI acknowledges that the approval of this Application does not indicate Court approval of such rates.

1 **Reviewed and approved by:**

2 OFFICIAL COMMITTEE OF EQUITY
3 SECURITY HOLDERS OF USA CAPITAL
4 DIVERSIFIED TRUST DEED FUND, LLC

5 /s/ Robert Worthen

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Robert Worthen, its Chair

EXHIBIT A

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DECLARATION OF MICHAEL A. TUCKER

I, Michael A. Tucker, hereby declare under penalty of perjury that:

1. I am a Senior Managing Director with FTI Consulting, Inc. (together with its wholly owned subsidiaries, agents, independent contractors and employees, "FTI"), a financial advisory services firm with numerous offices throughout the country. I submit this Affidavit on behalf of FTI (the "Affidavit") in support of the application (the "Application") of the Official Committee of Equity Security Holders of USA Capital Diversified Trust Deed Fund, LLC (the "Committee") for an order authorizing the employment and retention of FTI as financial advisors under the terms and conditions set forth in the Application. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

Disinterestedness and Eligibility

2. In connection with the preparation of this Affidavit, FTI conducted a review of its contacts with the five chapter 11 Debtors, their affiliates and certain entities holding large claims against or interests in the Debtors that were made reasonably known to FTI. A listing of the parties reviewed is reflected on **Exhibit 1** to this Affidavit. FTI's review, completed under my supervision, consisted of a query of the **Exhibit 1** parties within an internal computer database containing names of individuals and entities that are present or recent former clients of FTI. A summary of such relationships that FTI identified during this process is set forth on **Exhibit 2** to this Affidavit.

3. Based on the results of its review, FTI does not have a relationship with any of the parties on **Exhibit 1** in matters related to these proceedings. FTI has provided and could reasonably expect to continue to provide services unrelated to the Debtors' cases for the various entities shown on **Exhibit 2**. FTI's assistance to these parties has been related to providing various financial restructuring, litigation support and/or consulting services. To the best of my knowledge, no services have been provided to these parties in interest, which are adverse to the rights or interests of the Committee, nor does FTI's involvement in these cases compromise its ability to continue such consulting services. In addition, An FTI senior managing director serving as a chapter 7 trustee of a law firm in a bankruptcy case in San Francisco has retained FTI as his

1 financial advisor, and has made claims against Orrick, Herrington & Sutcliffe LLP ("Orrick") and
2 other law firms relating to income produced by former partners of the bankrupt law firm since
3 they joined Orrick and the other firms. No litigation has been commenced. FTI does not believe
4 this creates an actual or even an appearance of a conflict or will in any way affect this
5 engagement.

6 4. Further, as part of its diverse practice, FTI appears in numerous cases, proceedings
7 and transactions that involve many different professionals, including attorneys, accountants and
8 financial consultants, who may represent claimants and parties-in-interest in the Debtors' cases.
9 Also, FTI has performed in the past, and may perform in the future, advisory consulting services
10 for various attorneys and law firms, and has been represented by several attorneys, law firms and
11 financial institutions, some of whom may be involved in these proceedings. In addition, FTI has
12 in the past, may currently and will likely in the future be working with or against other
13 professionals involved in these cases in matters unrelated to the Debtors and these cases. Based
14 on our current knowledge of the professionals involved, and to the best of my knowledge, none of
15 these relationships create interests materially adverse to the Committee herein in matters upon
16 which FTI is to be employed, and none are in connection with these cases.

17 5. FTI is not believed to be a "Creditor" with respect to fees and expenses of any of
18 the Debtors within the meaning of Section 101(10) of the Bankruptcy Code. Further, neither I
19 nor any other member of the FTI engagement team serving this Committee, to the best of my
20 knowledge, is a holder of any outstanding debt instruments or shares of the Debtors' stock.

21 6. FTI has not reviewed the relationship that the members of the FTI engagement
22 team may have against a comprehensive list of employees within the U.S. Trustee's office in this
23 District and currently does not believe any relationships exist. Upon being provided with a list of
24 such persons by the office of the U.S. Trustee, FTI would confirm that no relationships exist.

25 7. As such, to the best of my knowledge, FTI does not represent any other entity
26 having an interest adverse to the Committee in connection with this case, and therefore believes it
27 is eligible to represent the Committee under Section 1103(b) of the Bankruptcy Code.
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1 8. It is FTI's policy and intent to update and expand its ongoing relationship search
2 for additional parties in interest in an expedient manner. If any new material relevant facts or
3 relationships are discovered or arise, FTI will promptly file a Bankruptcy Rule 2014(a)
4 Supplemental Affidavit.

5 **Professional Compensation**

6 9. Subject to Court approval and in accordance with the applicable provisions of
7 chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), the Federal Rules of
8 Bankruptcy Procedure, applicable U.S. Trustee guidelines and the local rules of this District, FTI
9 will seek payment for compensation on an hourly basis, plus reimbursement of actual and
10 necessary expenses incurred by FTI. FTI's customary hourly rates as charged in bankruptcy and
11 non-bankruptcy matters of this type by the professionals assigned to this engagement are outlined
12 in the Application. These hourly rates are adjusted annually. FTI acknowledges that the approval
13 of the Application does not indicate Court approval of such rates.

14 10. According to FTI's books and records, during the ninety-day period prior to the
15 Debtors' petition date, FTI performed no professional services or incurred any reimbursable
16 expenses on behalf of the Debtors.

17 11. To the best of my knowledge, (a) no commitments have been made or received by
18 FTI with respect to compensation or payment in connection with these cases other than in
19 accordance with the provisions of the Bankruptcy Code, and (b) FTI has no agreement with any
20 other entity to share with such entity any compensation received by FTI in connection with these
21 chapter 11 cases.

22 I declare under penalty of perjury that the foregoing is true and correct to the best of my
23 knowledge, information and belief.

24 DATED this 14th day of June 2006.

25 /s/ Michael A. Tucker

26 _____
MICHAEL A. TUCKER

EXHIBIT 1

LISTING OF PARTIES-IN-INTEREST REVIEWED FOR CURRENT RELATIONSHIPS

AAA OM Financial, LLC
Advanced Information Systems
Andrew and Ellen Dauscher
Annee of Paris Coiffures, Inc.
Aristotle S. Melonas
Arthur and Glorianne Polacheck
August J. Amaral, Inc.
Bank of America
Cardwell Family Trust
Charles B. Anderson Trust
Charles O. and Flora A. Nichols
Childrens Dental Group, Inc., Defined Benefit Pension Plan
Citibank
Dell Bunch
Dennis Flier, Inc. Defined Benefit Trust
Dennis Raggi
Donald S. Tomlin and Dorothy R. Tomlin Revocable Trust
Donna and Gerhard Luttel, and Gwendolyn Allred
Dr. Gary Kantor
Emona Dental Studios, Inc.
Eric, Lynn, and Cassie Lester
Everett H. Johnson Family Trust
Fertitta Enterprises, Inc.
Financial West Group
First Trust Company of Onago C/F Jean-Jacques Leblanc Ira
Frank Reale, DC
George Gorman
Goold Patterson Ales & Day
Gwen Melonas Family trust
Haspinov, LLC
Helms Homes, LLC
Herman M., Brian M., and Anthony G. Adams
Homfeld II, LLC
InterShow
Jack and Sylvia Goldenthal
James Hull
James J. Tanaka
James W. and Pamela P. McCollum
John Parker Kurlinski & Claire Sawyer Kurlinski
John Warner, Jr.
Joseph P. Milanowski
Kantor Nephrology Consultants
Katz 2000
Katz 2000 Separate Property Trust

1 Kohler Living Trust
2 Kummer, Kaempher Bonner & Rensahw
3 Kusum Desai, MD
4 Larry L. Rieger & Patsy R. Rieger
5 Mary E. and Matthew J. Moro
6 Michael Peterson
7 Michaelian Holdings, LLC
8 MLH Family Investment Limited
9 Molitch 1997 Trust
10 Nevada Department of Taxation
11 Nevada State Bank
12 Paris Line LLC
13 Paul S. Hamilton
14 Pecos Professional Park
15 R. Hagmaier
16 R.T. Enterprises
17 Ray Quinney & Nebeker, P.C.
18 RD Advertising
19 Richard G. Woudstra Revocable Trust
20 Robert E. Taylor
21 Robert G. Berry, Jr. and Jeanette K. Berry
22 Robert G. Worthen
23 Robert J. and Ruth Ann Kehl
24 Rocklin/Redding LLC
25 Russell AD Development Group, LLC
26 Sara Katz
27 Schwartz & McPherson
28 Scotsman Publishing, Inc.
Signature Financial
Special Order Systems
Steven M. and Margaret W. Terry Trust
Terry Helms Living Trust
The 2003 Richard N. Krupp, Charitable Remainder Unitrust
The Gannaway Charitable Remainder Trust
The L.E. and J.G. Blair Family Trust
The Toni Antonacci Trust
Thomas A. Hantges
Thomas C. Lawyer Family Trust
Tim Rich
U.S. Bank
USA Capital
USA Capital First Trust Deed Fund, LLC
USA Capital Diversified Trust Deed Fund, LLC
USA Capital Realty Advisors LLC
USA Securities, LLC
USA Commercial Mortgage Company
USA Commercial Real Estate Group
Wells Fargo Bank

1 Wen Baldwin Separate Property Trust
2 West Coast Life Insurance Company
3 William Edwards
4 William W. Miller
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EXHIBIT 2

PARTIES-IN-INTEREST NOTED FOR COURT DISCLOSURE

Relationships in Matters Related to These Proceedings

None

Relationships in Unrelated Matters

Bank of America

Citibank.

US Bank

Wells Fargo Bank